group has inter alia pointed out that they are in full agreement with trade liberalisation policies of the Government and that Indian enterprisrs be strengthened to enable them ro compete effectively in international markets and with foreign companies.

Suggesions made by the Group include:

(i) Restrictions imposed by RBI on banks on lending against pledge of shares be removed.

(ii) Romoval of constraints imposed by Sections 370 and 372 of the Companies Act;

(iii) Indian Companies be allowed to issue non voting Shares.

(iv) Reduction of share holding of the financial institutions in the Indian Companies;

(v) Access to low-cost funds abroad for investment in Indian companies; and

(vi) Introduction of measures for speeder margers and acquisitions.

(b) The sugestions made by the Group and other associations and individuals are examined by the concerned Ministries|agencies of the Government an these suggestions are kept in view while formulating Government's economic policy:

Tardy Utilisation of Asian Devrlopment Bank Loan

526. SHRI P. UPENDRA: Will the Minister of FINANCE bs pleased to state:

(a) whether the Chairman of the Asian Development Bank has complained about the tardy utilisation of ADB loan by India.

(b) what are the reasons for the poor disbursement of the aid; and

(c) what steps Government are taking for prompt utilisation of the aid?

THE MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. ABRAR AHMED): (a) and (b) The Asian Development Bank Mission led by the Vice-President on projects quality had occasion to discuss the utilisation of project aid given to India. The total loan for which agreements have been signed amounts to US dollar 4179.6 million. Against this utilisation till September, 1993 is Us dollar 135.9 million leaving a balance amount of US dollar 2820.7 million. The main reasons for inadequate utilisation are the delay in finalisation of contracts and procurement of goods, availability of counterpart funds and changes in the scope of some of the projects; this has affected the implementation schedules of some of the projects.

(c) Measures for improving the utilisation of assistance have been under discussion with the multilateral agencies including ADB. The Government have also taken steps to improve the utilisation of externally aided projects. A project monitoring unit has also been set up in the Department of Economic Affairs to monitor the utilisation of these projects. The Government have also constituted a Committee, namely, "Task Force on standard bidding documents" whose report is awaited

Increase in debt service in proportion to export

327. SHRI N. E. BALARAM:
SHRI CHATURANAN MISHRA:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the debt-service as a proportion of exports has jumped from 9.3 per cent in 1980 to 30.7 percent at present; and

(b) if so, the details and Government's reaction thereto?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND MINISTER OF STATE IN THE

MINISTRY OF PARIAMENTARY AFFAIRS (DR. ABRAR AHMED): (a) and (b) As per the Status Report on India's External Debt, the debt service as percentage of current receipts has jumped from 10.2 per-cent (excluding defence) in 1980-81 to 30.4 per cent (including defence) in 1992-93. Government is conscious about the country's external debt liability and keeps a constant watch on the level of country's indebtedness and likely burden of debt servicing. While contracting foreign loans, it is always kept in view that the debt burden and the debt servicing liability of the country does not exceed the capacity of the economy to service such loans. Government has already inrroduced a programme of economic reforms aimed at short term stabilisation combined with lonegr term restrucuring. These reforms would improve the economic condition of the country and revitalise our growth pocess, including our export earning capacity.

ceiling on corporation tax

528. SHRI SARADA MOHANTY: Will the Minister of FINANCE be plsased to state:

(a) whether it is a fact that Chelliah Committee had suggested 40 per cent tax ceiling on corporation tax and the Finance Minister has promissed to fulfill the recommendation;

(b) whether it is a fact that most of the developed and developing countries have less than 30 percent and 35 percent corporation tax;

(c) whether it is a fact that cut in corporation tax would increase revenue in long run and immediately boost secondary market.

(d) whether it is a fact that heavy dose of corporation tax is also due to heavy repayment and interests on foreign loans which were invested in loss making PSUs; and

(e) whether Government proposes to consider selling some of the PSUs on their shares to lessen the interest burden of foreign loans?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKHARA MURTHY): (a) The Tax Reforms Committee, headed by RD. Raja J. Chelliah, in its Final Report had recommended that the rate of corporation tax for all domestic companies should be lowered to 40 per cent by 1994-95.

This recommendation is being examined amongst other recommendations.

(b) The rates of corporation tax differ from country to country. As per information available with us, they are 31 per cent in Singapore, 35 per cont in Malaysia and 30 per cent to 35 per cent in Thailand.

(c) There is nothing to suggest that a cut in corporation tax rate would invariably lead to increased tax collection..... ....

(d) The corporation tax is one source, among others, of Central Government revenues and there is no direct relationship between the corporate tax rates and different items of expenditure of the Government.

(e) There is no linkage between the sale of shares of PSUs and the management of external debt.

Reviewing of Centre State Financial Relations

529. SHRI DEBABRATA BISWAS: Will the Minister of FINANCE be pleased to state:.... ....

(a) whether it is fact that the IMF has advised for reveiwing and revising the Centre-State financial relations in order to effectively tackle the problem of budgetary deficit:

(b) if so, the details of the advice; and